

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE EDMONSON)	
COUNTY WATER DISTRICT, EDMONSON,)	
WARREN, GRAYSON AND HART COUNTIES,)	
KENTUCKY SEEKING (1) A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	CASE NO.
AUTHORIZING CONSTRUCTION OF MAJOR)	2007-00235
ADDITIONS AND IMPROVEMENTS TO ITS)	
WATER SYSTEM, (2) APPROVAL OF REVISED)	
WATER SERVICE RATES AND CHARGES, AND)	
(3) APPROVAL OF THE ISSUANCE OF CERTAIN)	
SECURITIES)	

O R D E R

On June 14, 2007, Edmonson County Water District (“Edmonson District”) submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$3,208,500 waterworks improvement project. This project consists of the construction and installation of approximately 35,325 linear feet of 12-inch water line; 12,945 linear feet of 6-inch water line; 49,035 linear feet of 4-inch water line; 6,400 linear feet of 3-inch water line and all appurtenances; 104,500 linear feet of Number 12 copper locator wire; a 250,000-gallon elevated water storage tank and appurtenances; and the water treatment plant modifications for the community of Wax that include the installation of a contact tank, a carbon feeder, and a chemical metering pump and all appurtenances.

Edmonson District proposes to finance the construction of the project through a United States Department of Agriculture, Rural Development (“RD”) loan in the amount of \$1,200,000 for issuance of its Water Revenue Bonds Series 2007A maturing over a

period of 40 years at an interest rate of 4.375 percent per annum; an RD loan in the amount of \$520,000 for issuance of its Water Revenue Bonds Series 2007B maturing over a period of 40 years at an interest rate of 4.125 percent per annum; an RD grant in the amount of \$438,000; a Kentucky Infrastructure Authority (“KIA”) grant in the amount of \$1,038,500; and an applicant contribution in the amount of \$12,000.

Edmonson District’s application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development, and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on June 14, 2007, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Edmonson District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Edmonson District’s proposed plan of financing with RD is accepted.
3. Edmonson District is authorized to issue bonds not to exceed \$1,200,000 of its Water Revenue Bonds Series 2007A at an interest rate not exceeding 4.375 percent per annum maturing over 40 years and Water Revenue Bonds Series 2007B in the amount of \$520,000 at an interest rate not exceeding 4.125 percent per annum maturing over 40 years.

4. The proceeds from the bond issuance shall be used only for the purposes specified in Edmonson District's application.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Edmonson District may use such surplus to construct additional plant facility if RD approves of the use, and the additional construction will not result in a change in Edmonson District's rates for service. Edmonson District shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Edmonson District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certified herein.

7. Edmonson District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Edmonson District shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Edmonson District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. Within 30 days of the date of this Order, Edmonson District shall file with the Commission its revised tariffs setting out the rates approved herein.

10. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

11. Three years from the effective date of this Order, Edmonson District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 6th day of July, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00235 DATED JULY 6, 2007

The following rates and charges are prescribed for the customers in the area served by Edmonson County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Proposed Rates

First	1,500 Gallons	\$11.50	Minimum Bill
Next	23,000 Gallons	4.35	Per 1,000 Gallons
Over	25,000 Gallons	3.45	Per 1,000 Gallons
Wholesale to City of Brownsville		\$2.70	Per 1,000 Gallons